

**NAVAL POSTGRADUATE SCHOOL
INVESTIGATION REPORT
NIGHTS 201103915
8 MAY 2014**

1. Investigator and Identifying Information and Location of Working Papers.

(b)(6), (b)(7)c

b. Location of working papers. Naval Postgraduate School Inspector General Office, 281 Stone Road, Quarters C, Monterey, CA 93943.

2. Background and Summary.

a. Hotline Control Number, Date of Receipt and Tasking Dates.

(1) On 12 September 2011, a confidential complainant walked into the IG office and filed a complaint alleging unethical conduct in the Alumni Office involving contract mismanagement and the NPS Foundation (Foundation).

(2) On 12 September 2011, the case information was entered into the Naval Inspector General Hotline Information System (NIGHTS) as #201103915.

(3) The issue of contract mismanagement was referred to NCIS on 13 September 2011 but was declined for insufficient evidence of fraud. The matter was referred again to NCIS on 14 October 2011 after the IG received financial data from the Foundation. NCIS declined the case because it appeared the contractor did not commit fraud when instructed by (b)(6), (b)(7)c to return unused contract funds to the Foundation.

(4) In June 2012, NAVINSGEN N5 directed this investigation be put on hold pending completion of their investigations into potential misconduct by NPS faculty and staff involving the Foundation and Centennial events. On 31 March 2014, NAVINSGEN completed the last investigation.

b. Summary of Complaint.

(1) On 12 September 2011, a confidential complainant requested assistance from the IG alleging unethical conduct by (b)(6), (b)(7)c. The complainant alleged (b)(6), (b)(7)c directed funding to the Foundation Centennial Account through contract mismanagement. The complainant alleged (b)(6), (b)(7)c

was misusing an eDataTech employee, and requested assistance with getting paid for work accomplished at the end of last fiscal year (2010) after the (b)(6), (b)(7)c .

(2) There was insufficient information to take IG action on the issue regarding misusing an eDataTech employee. On 5 October 2011, the matter was referred to (b)(6), (b)(7)c (b)(6), (b)(7)c for her awareness and appropriate managerial action.

(3) The matter of the employee's pay was determined to be not IG appropriate and was referred to (b)(6), (b)(7)c (b)(6), (b)(7)c under NIGHTS #201102858 on 13 September 2011. (b)(6), (b)(7)c could not determine if ARO made an unauthorized commitment since there was no claim from the contractor to initiate the ratification process.

(4) We identified one issue involving Wide Area Work Flow (WAWF) invoice processing. On 25 April 2013, we referred this issue to the Director, Contracting & Logistics Management Office, for information and awareness.

c. Summary of the Outcome of Investigation. We investigated three allegations.

(1) Allegation 1.

(a) The allegation that (b)(6), (b)(7)c improperly misused her position to provide funding, logistical support, and contractor services to non-federal entities fundraising events on 28 and 29 May 2010, in violation of Standards of Conduct 5 CFR 2635.704, 5 CFR 2635.705, and DoD 5500.07-R, sections 3-206 and 3-211, was **substantiated**.

(b) We determined that (b)(6), (b)(7)c used her position to provide funding, logistical support, and contractor services to support the Centennial Wine and Beer Tasting event, which was an Officer Student Spouses Club (OSSC) fundraiser, and the Centennial Gala, which was co-sponsored by the Foundation. She provided \$16,877.08 in government funds to support these Centennial events, which profited OSSC and the Foundation. The funding was primarily provided through contract other direct costs (ODCs). The ODCs used by (b)(6), (b)(7)c to support the Wine and Beer Tasting event and Centennial Gala were out-of-scope from the terms & conditions in the contract

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task order because they supported fundraising. There was no sponsorship agreement between NPS and the Foundation or OSSC for providing funding, logistical support, responsibility for cost, or use of official time. (b)(6), (b)(7)c provided her own labor in support of the OSSC and Foundation events, as well as contractor labor and allowed contractors to plan, coordinate, and substantially support the events. (b)(6), (b)(7)c was not authorized to use contract labor and her official time to support fundraising events. She lacked training as a contract monitor, was not knowledgeable of provisions stipulated in the contract task order for approving ODCs, and disregarded basic fiduciary responsibilities to protect and conserve the use of government funding.

(2) Allegation 2.

(a) The allegation that (b)(6), (b)(7)c improperly solicited a gift from a prohibited source and accepted a gift from the Foundation in May 2010, in violation 10 USC 2601 and its implementing regulations, was **substantiated**.

(b) We determined that (b)(6), (b)(7)c improperly solicited a gift from A to Z Rental when she directed her contract employee to tell A to Z Rental to send a \$3,956.69 overpayment to the Foundation. At no time did (b)(6), (b)(7)c seek guidance on how to retrieve money from A to Z to deposit the excess funds into the U.S. Treasury. Her actions were negligent, unreasonable, and showed poor stewardship of government funds. (b)(6), (b)(7)c accepted a \$20,681.33 gift from the Foundation when she arranged for them to pay the MWR invoices for cost associated with Centennial events. (b)(6), (b)(7)c had no authority to re-direct funds to a charitable organization, or to accept a gift on the behalf of NPS from the Foundation to pay for the Centennial event invoices. There was no indication that (b)(6), (b)(7)c personally benefitted from the transactions.

(3) Allegation 3.

(a) The allegation that (b)(6), (b)(7)c improperly fundraised for the Foundation and Officer Student Spouses Club, non-federal entities (NFEs) between May 2009 and May 2010, in violation of standards of conduct, 5 CFR 2635.808, DoD 5500.07-R, section 3-210, and SECNAVINST 4001.2J, was **substantiated**.

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(b) We determined the Foundation and OSSC were not charitable organizations as defined government standards that would allow (b)(6), (b)(7)c to fundraise in her official capacity. (b)(6), (b)(7)c directly supported fundraising events in her official capacity as a government employee. (b)(6), (b)(7)c office established a Pay-Pal account on the NPS Online Community website that processed event funds to the Foundation. The website also directed any potential NPS donors to the Foundation through a "Giving to NPS" link. (b)(6), (b)(7)c also used government funds for the pre-production of the Foundation coffee table book which was used by the Foundation to raise funds. She also provided the Foundation a list of potential donors to contact for fundraising.

3. Allegation 1. (b)(6), (b)(7)c improperly misused her position to provide funding, logistical support, and contractor services to non-federal entities fundraising events on 28 and 29 May 2010, in violation of Standards of Conduct 5 CFR 2635.704, 5 CFR 2635.705, and DoD 5500.07-R, paragraphs 3-206 and 3-211. **Substantiated.**

a. Facts.

(1) Applicable standards.

(a) 5 CFR 2635.701, Misuse of position.

(1) Section 2635.704, Use of Government property, states in part that, "An employee has a duty to protect and conserve Government property and shall not use such property, or allow its use, for other than authorized purposes...Government property includes...intangible interest that is purchased with Government funds, **including the services of contractor personnel.**[Emphasis added]

(2) Section 2635.705, Use of official time, states in part that, "Unless authorized in accordance with law or regulations to use such time for other purposes, **an employee shall use official time in an honest effort to perform official duties.**" [Emphasis added]

(b) DoD 5500.07-R.

(1) Paragraph 3-206, Co-sponsorship, states in part that, "A DoD Component command or organization is a co-sponsor of an event when that DoD Component command or organization is one of the

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organizations that develops the substantive aspects of the event or provides substantial logistical support for the event...(a) A DoD Component command or organization may co-sponsor a civic or community activity, **except for fundraising.**" [emphasis added]

(2) Paragraph 3-211, Logistical Support of Non-Federal Entities Events, states in part that, "The head of a DoD Component command or organization may provide DoD employees in their official capacities to express DoD policies as speakers, panel members or other participants, or, on a limited basis, the use of DoD facilities and equipment (and the services of DoD employees necessary to make proper use of the equipment), as logistical support of an event sponsored by a non-Federal entity [NFE], **except for fundraising** and membership drive events." [Emphasis added]

(2) The Centennial Finale Weekend included the Wine and Beer Tasting "Sip the Peninsula" event and charitable auction on 28 May, the Centennial Gala on 29 May, and the Memorial Day "Concert on the Lawn" on 31 May 2010. The Centennial Wine and Beer Tasting event was advertised as co-sponsored by the Naval Support Activity Monterey (NSAM) Morale, Welfare and Recreation (MWR) and the Foundation, and co-hosted by the NPS Officer Students' Spouses' Club (OSSC) and NPS Alumni Relations Office (ARO). The Wine and Beer Tasting event was a fundraiser for the OSSC.

(3) The Foundation collected registration fees for the Wine and Beer Tasting event and the Centennial Gala. The Foundation charged an eight percent (8%) administrative fee for handling the funds. OSSC received \$9,199.65 from the Foundation for the Wine and Beer Tasting event (\$9,620.67 was raised from the charitable auction). There was no written agreement between the ARO and the Foundation for co-hosting or co-sponsoring the Centennial Finale weekend events for funding, material support, or responsibility for costs.

(4) On 24 March 2010, ARO personnel (b)(6), (b)(7)c
(b)(6), (b)(7)c
(b)(6), (b)(7)c contracted with A to Z Rental to provide a tent, tables and chairs to support the NASA Space Shuttle Downlink event¹ on 10 April

¹The NASA Space Shuttle Downlink event was a "Teaching from Space" event for local school students to ask questions to shuttle astronauts. NPS was selected by NASA to host the educational downlink. The mission commander was a NPS Alumnus. NPS has an office that supports STEM (Science, Technology, Engineering and Math) programs.

2010. The contract value was \$15,866.51. The tent was not provided after the event was rescheduled and relocated to King Hall Auditorium, but on 12 April 2012, (b)(6), (b)(7)c submitted two invoices totaling \$15,866.51 (one for \$15,554.76 and one for \$355.06) from A to Z Rental to (b)(6), (b)(7)c for payment. DCS paid A to Z Rental on 22 April 2010. (b)(6), (b)(7)c applied a \$15,866.51 credit from A to Z Rental towards the tent rental and material support for the upcoming Wine and Beer Tasting event and Centennial Gala.

(5) The final A to Z Rental invoice for the Wine and Beer Tasting event was \$11,554.76, resulting in an overpayment of \$4,311.75 to A to Z Rental for their services (the overpayment is addressed in Allegation 2).

(6) (b)(6), (b)(7)c (b)(6), (b)(7)c stated MWR had commercial sponsorship agreements with vendors (wineries, etc.) for the Wine and Beer Tasting event. (b)(6), (b)(7)c stated the Wine Tasting event was traditionally hosted by the OSSC. (b)(6), (b)(7)c stated (b)(6), (b)(7)c (b)(6), (b)(7)c another (b)(6), (b)(7)c all worked in conjunction to support and plan the Centennial Finale events. (b)(6), (b)(7)c stated the tent from the Wine Tasting event was used during the Memorial Day concert for food tables, but noted that a tent was normally not used.

(7) Task Order 110 to contract N00244-08-D-0039, Fleet and Industrial Supply Center (FISC) San Diego contract for NPS.

(a) This task order provided labor support to ARO and included travel and other direct charges (ODCs) for materials. Travel supported offsite Centennial events with airfare, lodging, per diem, parking, registration, and event material (A/V and booth support). ODCs for materials supported the preproduction of the coffee table book, packaging of historical images, and packaging of the time capsule documents.

(b) The task order statement of work (SOW) stated the contractor shall "provide non-personal services for the preparation of the 100th anniversary of the NPS...[and] assist with planning and executing various centennial events." (b)(6), (b)(7)c was the (b)(7)c, (b)(6) employee for task order 110.

NIGHTS 201204064 determined the use of official time to support the NASA Educational downlink was not improper, and the event supported the STEM program.

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(c) ODCs were required to be approved by the contracting officer's representative (COR) prior to commencement (SOW item 9.0). (b)(6), (b)(7)c was listed as the COR.

(d) (b)(6), (b)(7)c was the government (b)(6), (b)(7)c (b)(7)c and was appointed as the (b)(7)c, (b)(6) The (b)(7)c, (b)(6) duties included "Perform timely review of invoices to ensure that labor hours, labor mix, materials (if any), travel and other direct costs identified are consistent and reasonable for the effort completed during the period covered by the invoice."

(e) ODCs of \$16,877.08 were used to support the Wine and Beer Tasting event and Centennial Gala.

- \$11,554.76 for the tent and support materials from A to Z Rental for the Wine and Beer Tasting event.
- \$5,322.32 for the Gala.
 - o \$2,160 for a stage.
 - o \$1,375.50 for decorative plants.
 - o \$1,786.82 for glass vases, beverage buckets, etc.

(8) Task Order 107 to contract N00244-08-D-0039, FISC San Diego contract for NPS.

(a) This task order provided labor support to ARO and included travel and ODCs for materials. No ODCs were used to support Centennial events, but labor was used to support Foundation sponsored events. (b)(6), (b)(7)c was the primary DCS employee for task order 107. She was also the primary point of contact on vendor contracts for Centennial Finale events.

(b) The SOW states the contractor shall assist in coordinating with the Foundation in order to coordinate events and actions to the maximum benefit of the alumni outreach effort; perform all logistics functions for alumni events to include scheduling rooms, sending invitations, tracking responses, and arranging for parking; and contact Foundation weekly to provide assistance with events, as required.

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(9) The contract monitoring memorandum dated 6 Oct 2009 to (b)(6), outlines

Paragraph 1e states that she is expected to performance to ensure individual contractor employees are of the skill levels required and are actually performing at the levels charged against the contract during the performance period." Paragraph 2e states that she is expected to "perform timely reviews of invoices to ensure that labor hours, labor mix, materials (if any), travel and other direct costs identified are consistent and reasonable for the effort completed during the period covered by the invoice."

(10)
stated ODCs for event material support listed in task order 110 should not be a sub-bullet under travel, but should be a separate bullet. She stated that the ODCs were approved by the contracting officer because they were included in the task order. said she did not contact the contracting officer for clarification on ODCs or to have the event material listed separately from travel. She stated she was the for over 300 contracts in 2010.

(11)
Office, stated task order 110 labor and ODCs used to support fundraising events were out-of-scope of the terms & conditions in the task order. She stated the task order was executed inappropriately when labor and ODCs were used to support fundraising events.

(12) were
the for the Centennial events, and they decided to incorporate a wine tasting event to help round out the Centennial Finale weekend. stated she mentioned the OSSC had a yearly wine tasting event and maybe it could be combined with the Centennial Finale. was a member of OSSC and became the OSSC liaison for ARO. She did most of the marketing for the Centennial Finale events and some logistical arrangements. She stated there was a fundraiser aspect to the event under the Foundation and an alcohol portion was MWR. She stated that there was a memorandum of agreement (MOA) between ARO, Foundation, MWR and the Naval Support Detachment just to make sure everything was legal.² Email documentation between represented
and regarding serving alcohol at the event, but not about sharing

² There was no MOA or MOU. There were sponsorship agreements between MWR and vendors to serve alcohol.

expenses. (b)(6), (b)(7)c believed there was a memorandum of understanding between OSSC and the Foundation on the collection of money from the charitable action at the Wine and Beer Tasting event.³ (b)(6), (b)(7)c stated ARO was going to pay for the venue and the Foundation collected the money. (b)(6), (b)(7)c stated she worked at the Centennial Wine and Beer Tasting event and Centennial Gala.

(13) (b)(6), (b)(7)c stated her involvement with the Centennial events was to help with project management, coordination, decorating, set-up and administrative items. She stated the tent rental was primarily for the Wine Tasting and Gala, and the Memorial Day concert. (b)(6), (b)(7)c stated she was the (b)(6), (b)(7)c and communicated everything back to (b)(6), (b)(7)c used ODCs to pay for the event items and she gave (b)(6), (b)(7)c the invoices for processing. (b)(6), (b)(7)c stated she was a member of the (b)(6), (b)(7)c and was unaware of any written agreements with the NPS Foundation, but believed there was an informal email regarding a percentage the Foundation would charge. She worked at the Centennial Wine and Beer tasting event and Centennial Gala.

(14) (b)(6), (b)(7)c stated that:

(a) She was the (b)(6), (b)(7)c for the Centennial, and (b)(6), (b)(7)c and (b)(6), (b)(7)c supported Centennial events. (b)(6), (b)(7)c stated she was aware of what the contract employees were doing because they would talk about it together in the office.

(b) A to Z Rental was paid for a tent rental for the NASA downlink event, but when the tent wasn't needed, she shifted the use of the tent rental for the Centennial Finale Weekend because she thought it was still supporting the same overall Centennial. Her goal was to brand any event during the Centennial year as a "Centennial event just to get more exposure for the school and make the event as robust as possible".

(c) The tent and other rented items were used for the Wine and Beer Tasting event. She could not specifically recall everything that was rented. She used ODCs for supplies and support for the Centennial. She stated ODCs are like money in the contract to purchase items, cover travel, and costs associated with travel [ODC categories are travel and materials]. She saw all the items in the

³ The OSSC-Foundation MOU was between non-Federal entities and did not mention support from NPS.

task order listed as ODCs and not as a separate category [travel and materials]. She would submit the ODC [invoice] to DCS and if it fell under the travel or materials category, DCS would cut a check.

(d) She did not have any type of training to be a (b)(6), (b)(7)c (b)(7)c, (b)(6) She did not communicate with the COR other than to get a contract established. She could not directly recall receiving the (b)(6), (b)(7)c memorandum from the COR, but didn't deny that she may have received it. The registration fees collected by the Foundation paid for the events and her office planned to breakeven to cover all costs. (b)(6), (b)(7)c stated "we kept the Foundation abreast of everything because we do know that our money came through the Foundation...it [Gala] was underwritten by the Foundation because that's where our funds come out of, but the planning happened out of my office."

b. Analysis/Discussion/Conclusion.

(1) The Centennial Wine and Beer Tasting event was an OSSC Fundraiser. Testimony and documentary evidence showed the primary purpose of the A to Z Rental tent and event materials was to support the Wine and Beer Tasting event.

(2) The Foundation was the co-host for the Wine and Beer Tasting event, collected registration fees, charged an administration fee for handling funds, paid for the food, and provided \$9,199.65 to OSSC from the event auction. MWR was listed as the other co-host in order to use its commercial sponsorship for vendors to serve alcohol. There was no sponsorship agreement between ARO and the Foundation for providing funding, logistical support, responsibility for cost, or use of official time. (b)(6), (b)(7)c provided \$11,554.76 of government funds in support for the OSSC fundraising event, in addition to her own official time and the time of contractors.

(3) Although not listed as a co-host for the Centennial Gala, the Foundation functioned as a co-sponsor because they collected registration fees and paid for the majority of the expenses (food, entertainment, and decorations). (b)(6), (b)(7)c provided \$5,322.32 of government funds in support for this event. The administrative fee collected by the Foundation effectively raised funds, and allowed the Foundation to profit from the event.

(4) \$16,877.08 (\$11,554.76 + \$5,322.32) in ODCs used by (b)(6), to support the Wine and Beer Tasting event and Centennial Gala were out-of-scope from the terms & conditions in the task order because they supported fundraising, and thus were improper. The ODC funds directly supported fundraising events that should have been self-funded through the collection of registration fees. allowed contractors to plan, coordinate, and support a substantial amount of the fundraising events. provided her own labor in support of fundraising events, as well as contractor labor. The total labor cost could not be calculated because of a lack of detailed documentation.

(5) did not have the authority as the to use ODCs without approval by the erroneously believed ODCs were approved simply by the fact that the Contracting Officer included them in the task order. also did not have the authority or approval to enter into a verbal co-sponsorship with the Foundation for the fundraising events.

(6) improperly misused her position to provide funding, logistical support, and contractor services to non-federal entities for fundraising events on 28 and 29 May 2010, in violation of 5 CFR 2635.704, 5 CFR 2635.705, and DoD 5500.07-R. improperly used \$16,877.08 in ODCs to provide logistical support that profited OSSC and the Foundation. was not authorized to use contract labor and her official time to support fundraising events. lacked training as a contract monitor, was not knowledgeable of provisions stipulated in task order 110 for approving ODCs, and disregarded basic fiduciary responsibilities to protect and conserve the use of government funding for supporting Centennial events. The use of government funds (ODCs and labor support) in support of fundraising events was out-of-scope of the task orders, and in violation of applicable standards. Based on the evidence, we substantiated the allegation.

(7) In mitigation, previous NAVINSGEN investigations determined that NPS leadership authorized the use of and contractor employees' official time to support Centennial Celebration events, some permissible and others that were not, such as the fundraising events.

c. Recommendation. None. resigned on

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d. Disposition. None. (b)(6), (b)(7)c resigned on (b)(6), (b)(7)c .

4. Allegation 2. (b)(6), (b)(7)c improperly solicited a gift from a prohibited source and accepted a gift from the Foundation in May 2010, in violation 10 USC 2601 and its implementing regulations.
Substantiated.

a. Facts.

(1) Applicable standards.

(a) 10 USC 2601, General Gift Funds, grants SECNAV and other DoD Secretaries, including the Secretary of Defense, authority to "accept, hold, administer, and spend any gift...."

(b) 5 CFR 2635.202 states in part, "An employee shall not, directly or indirectly, solicit or accept a gift...from a prohibited source. A prohibited source is any person who does business with the employee's agency. A gift which is solicited indirectly includes a gift given to any charitable organization on the basis of recommendation by the employee."

(c) Department of Defense (DoD) Financial Management Regulation (FMR), Volume 12, Chapter 30, Operation and Use of General Gift Funds, sets forth overall policy for acceptance of gifts under 10 USC 2601. Paragraph 300502 states, "Department of Defense personnel shall not solicit, fundraise for, or otherwise request or encourage the offer of a gift. Acceptance Authorities shall not accept gifts offered contrary to this policy."

(d) SECNAVINST 4001.2J sets forth SECNAV's policy and procedures for acceptance of gifts, including money and personal and real property. The instruction defines money as cash, checks, or other forms of negotiable instruments. The SECNAV instruction authorizes CNO, VCNO, and Director of Navy Staff and other very senior officials to accept gifts subject to certain limitations. It permits the CNO to delegate certain gift acceptance authority to subordinates in his/her chain-of-command and establishes rules that apply to any Navy official

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in the gift acceptance process.⁴ Paragraph 6b of the SECNAV instruction prohibits solicitation by DON personnel unless it is "authorized by SECNAV." Paragraph 6g recognizes the value of foundations and other non-profit organizations in providing support to the Department, but cautions they "should not be used as conduits to make indirect gifts that DON gift acceptance policy would not permit if offered directly to the Department of the Navy."

(e) OPNAVINST 4001.1F promulgates CNO's policies in connection with accepting and processing of gifts flowing from 10 USC 2601 and SECNAVINST 4001.2J. It does not address solicitation. This instruction grants the President, NPS, express authority to accept gifts to the Navy of \$12,000 or less.

(f) NAVPGSCOLINST 4001.1E, paragraph 5, Solicitation Prohibited, states "NPS employees will not directly or indirectly solicit gifts for themselves, the Naval Postgraduate School, or for the Navy under any circumstances. Gifts offered as a result of solicitation will not be accepted. NPS employees must not refer a potential donor to any non-Federal entity." Paragraph 6, Gift from Foundations, states "personnel should not refer potential donors to foundations for the purpose of accomplishing gifts that would not be permitted by DoN gift statutes or reference (a)[Joint Ethics Regulation]." Paragraph 10f, Gift Processing Guidelines, states "NPS employees must not sign contracts with MWR or any other hospitality agency with an arrangement, verbal or written, that a non-federal entity will pay for the event."

(2) The same facts as in allegation 1 apply.

(3) A to Z Rental was a prohibited source as defined in 5 CFR 2635.202. ARO contracted with A to Z Rental to provide a tent, tables, and chairs to support the NASA Space Station Downlink on 10 April 2010 for \$15,866.51. The rental was not used when the event time changed.

(4) (b)(6), (b)(7)c submitted two invoices from A to Z Rental totaling \$15,866.51 (\$15,511.45 and \$355.06) to DCS for payment for a service that was not provided. DCS billed the government \$15,866.51 under Wide Area Work Flow Invoice #175907. A to Z Rental provided a \$15,511.45 credit to ARO towards rental materials (tent, tables,

⁴The instruction does not provide any special authority to the NPS.

chairs, etc.) for the Centennial Finale events (Wine and Beer Tasting event and Gala). There was no credit applied for the \$355.06 invoice.

(5) The final A to Z Rental invoice for the Wine and Beer Tasting event on 28 May 2010 was \$11,554.76, resulting in an overpayment of \$3,956.69 (\$15,511.45 less \$11,554.76) to A to Z Rental.

(6) The Foundation recorded a donation from A to Z Rental credited to the Centennial Account in the amount of \$3,956.69 on 28 May 2010.

(7) (b)(6), (b)(7)c stated that she heard discussions between (b)(6), about using ODCs to order more things, then change the order, and get a credit back in cash or check to the Centennial account. claimed she was never part of the discussions, never saw the invoice, or knew for a fact that money was refunded. stated she was part of the planning process and thought there was a refund because the office ordered more than what was going to be needed.

(8) stated were listed on the MWR contracts for food support for the Wine and Beer Tasting event and Gala, and the Foundation paid both MWR invoices for the events. signature appears on the MWR food contracts. The Foundation paid \$4,075.75 on invoice E05394 for the Wine and Beer Tasting event, and \$16,605.58 on invoice E05395 for the Gala totally \$20,681.33.

(9) stated planning figures for supporting the Centennial Finale events were constantly changing and being updated. ARO was aware that A to Z Rental would owe money back based on planning figures to use fewer materials as they got closer to the event. stated that she spoke with A to Z Rental and worked with figuring out what was needed. stated she wasn't involved in invoicing and gave everything to to handle the payment with DCS. recalled asking what to do about the overpayment, and was told to tell A to Z to refund the money to the Foundation to be credited to the Centennial account.

stated that ARO could not accept donations and only the Foundation could accept donations.

(10) (b)(6), (b)(7)c stated she was aware that A to Z Rental was paid for a tent rental in April 2010 that was not provided, and she planned to apply the payment towards the tent and event material for the Centennial Finale Weekend on 28-31 May 2010. She recalled that at some point in the planning, her office realized there was going to be an overage from the tent rental funds. She stated she was trying to keep the money for the Centennial, and didn't know how to have A to Z Rental return money to the government. She stated one of her contract employees told A to Z Rental to send the excess funds to the Foundation at her "suggestion" in order to continue to have the funds for the Centennial. (b)(6), (b)(7)c stated she could use the funds in a timely manner from the Foundation "to make sure the event was going to go off without a hitch as best as we could." (b)(6), (b)(7)c stated she did not contact DCS, the COR, or anyone else about the overpayment.

b. Analysis/Discussion/Conclusion.

(1) (b)(6), (b)(7)c was aware A to Z Rental would owe a refund on the unused portion of the \$15,511.45 tent rental credit because of a change in planning figures for the Centennial Finale weekend. (b)(6), (b)(7)c solicited a gift when she directed (b)(6), (b)(7)c to tell A to Z Rental to send \$3,956.69 (\$15,511.45 less \$11,554.76) due back to the government to the Foundation. The Foundation recorded a \$3,956.69 donation from A to Z on 28 May 2010. There was no credit applied for the \$355.06 invoice.

(2) (b)(6), (b)(7)c used government funds to pay for the tent rental and material support through ODCs on task order 110 for the Centennial Finale weekend events. At a minimum, \$3,956.69 of unused funds belonged to the government, and should not have been directed to the Foundation.

(3) (b)(6), (b)(7)c accepted a \$20,681.33 gift from the Foundation to support Centennial events when she arranged for the Foundation to pay for the MWR invoice cost associated with Centennial events. In the absence of a sponsorship agreement, funds to NPS from the Foundation could be viewed as a gift, and should have had legal and administrative oversight applied as outlined in the applicable standards.

(4) (b)(6), (b)(7)c improperly solicited a gift from A to Z Rental when she directed her contract employee to tell A to Z Rental to send the overpayment to the Foundation, and accepted a gift from the

Foundation when she arranged for them to pay the MWR invoices for cost associated with Centennial events, in violation of applicable standards. At no time did (b)(6), (b)(7)c seek guidance on how to retrieve money from A to Z to deposit the excess funds into the U.S. Treasury.

(b)(6), (b)(7)c had no authority to re-direct appropriated funds to a charitable organization, or to accept a gift on the behalf of NPS from the Foundation to pay for the Centennial event MWR invoices. Her actions were negligent, unreasonable, and showed poor stewardship of government funds when she directed \$3,956.69 to the Foundation. (b)(6),

consciously planned to use the overpayment to fund Centennial events through the Foundation because she had access to the funds deposited in the "NPS Foundation Centennial Account." In mitigation, previous NAVINSGEN investigations determined the Foundation provided separate accounts in support of NPS leadership that were improper, and there was no indication that personally benefitted from the transaction. Based on the evidence, we substantiated the allegation.

c. Recommendation. None. resigned on

d. Disposition. None. resigned on .

5. Allegation 3. improperly fundraised for the Foundation and Officer Student Spouses Club, non-federal entities (NFEs) between May 2009 and May 2010, in violation of Standards of Conduct, 5 CFR 2635.808, DoD 5500.07-R Joint Ethics Regulation (JER), section 3-210, and SECNAVINST 4001.2J. **Substantiated.**

a. Facts.

(1) Applicable standards.

(a) 5 CFR 2635.808, states in part, "An employee may engage in fundraising only in accordance with the restrictions in part 950 [Combined Federal Campaign (CFC)] on the conduct of charitable fundraising in the Federal workplace and in accordance with paragraphs (b)[fundraising in an official capacity] and (c)[fundraising in a personal capacity]."

(b) JER, section 3-210, Fundraising and Membership Drives, states, "DoD employees shall not official endorse or appear to

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endorse...fundraising for any non-Federal entity except [specifically listed non Federal entities⁵]."

(c) SECNAVINST 4001.2J, paragraph 6c states, "DON policy prohibits Naval personnel from participating in their official military capacity in fund-raising activities not recognized for on-the-job solicitation."

(2) The same facts as in allegation 1 and 2 apply.

(3) As outlined in allegation 1 and 2, (b)(6), (b)(7)c used her official time to engage in fundraising, and solicited a gift for the Foundation.

(4) (b)(6), (b)(7)c was the (b)(7)c, (b)(6) for the Foundation Centennial Coffee Table Book. The book was published by the Foundation and sold by the Foundation for \$25 to raise funds. The book contents are the same as the material for the NPS history timeline found at Root Hall. (b)(6), (b)(7)c stated her contract employees worked to "re-purpose" the history timeline panel data into a different format for the coffee table book. (b)(6), (b)(7)c provided the timeline information to the Foundation, but government funds were used to develop the timeline and "re-purpose" the data into a format for publishing the Foundation book.

(5) ARO website maintained a link "Giving to NPS" that directed potential donors to the Foundation instead of NPS.⁶

(6) (b)(6), (b)(7)c testified that she provided a list of potential donors to the Foundation in order that the Foundation Executive Director could "contact those people for donations."

(7) (b)(6), (b)(7)c stated that in May 2009 she directed excess funds from Spectrum Imaging (Fresco Technologies) to the Foundation. The funds were left over from the Root Hall history timeline project. The original plan called for 54 panels, but this was changed to 48 panels to meet a deadline. The exact dollar amount of this donation could not be determined due to a lack of documentation from the Foundation or Fresco Technologies. Fresco Technologies was the parent company of Spectrum Imaging in May 2009. Spectrum was a DBA (doing

⁵ The NPS Foundation is a non-Federal entity, and is not one of non-Federal entities listed in the JER, section 3-210.

⁶ The weblink has been removed from the ARO homepage.

business as) for Fresco. Fresco went out of business in May 2010 and had all the financial records for the transaction.

(8) (b)(7)c, (b)(6) stated her office was not allowed to collect money for events so ARO set up a Pay-Pal account through the Alumni Online Community to collect registration fees for events, which included fundraising events. Money collected for events was retained by the Foundation in a Centennial account. (b)(7)c, (b)(6) stated she viewed the Foundation as a "partner to help where we can't collect money or don't have a mechanism for collecting registration fees...I viewed them as a partner to help us with something we couldn't do to put the events on."

b. Analysis/Discussion/Conclusion.

(1) The Foundation and OSSC were not charitable organizations as defined in Title 5 Part 950 or JER section 3-210 that would allow (b)(6), (b)(7)c to fundraise in her official capacity. (b)(6), (b)(7)c directly supported fundraising events in her official capacity as a government employee.

(2) Funds processed through the Foundation Centennial account for the Centennial events were charged an 8% administrative fee, effectively raising funds for the Foundation. These fees were collected through a Pay-Pal account established by ARO on the NPS Online Community website because (b)(6), (b)(7)c knew she was prohibited from collecting money.

(3) ARO indirectly raised funds for the Foundation by directing any potential donors to the Foundation. This was done through the "Giving to NPS" link on the ARO home webpage.

(4) (b)(6), (b)(7)c raised funds for non-federal entities, in violation of standards of conduct, 5 CFR 2635.808, JER section 3-210, and SECNAVINST 4001.2J. (b)(6), (b)(7)c engaged in fundraising for the Foundation through the solicitation of a gift, and by her active and visible participation in the promotion and execution of the Wine and Beer Tasting event, as well as the Gala. (b)(6), (b)(7)c used government funds for the pre-production of the Foundation coffee table book which was used by the Foundation to raise funds. (b)(6), (b)(7)c had oversight of the ARO webpage which maintained a link that directed funds and donors to the Foundation. She also provided the Foundation a list of potential donors to contact for fundraising. Based on the evidence,

we substantiated the allegation. In mitigation, a NAVINSGEN investigation substantiated a similar allegation against an NPS Vice President in (b)(6), (b)(7)c chain of command.

c. Recommendation. None. (b)(6), (b)(7)c resigned on (b)(6), (b)(7)c

d. Disposition. None. (b)(6), (b)(7)c resigned on (b)(6), (b)(7)c.

6. Interviews and Documents.

a. Interviews conducted. (All interviews were conducted in person unless otherwise noted).

(1) (b)(6), (b)(7)c
Office.

(2) (b)(7)c, (b)(6)
(b)(6), (b)(7)c (Telephone interview).

(3) (b)(7)c, (b)(6)
(Telephone interview).

(4) (b)(6), (b)(7)c
(b)(7)c, (b)(6).

(5) (b)(6), (b)(7)c
former (b)(6),
(b)(7)c

(6) (b)(6), (b)(7)c
and former

(7) (b)(6), (b)(7)c
(8)
(9)
Digital Consulting Services (DCS) (Telephone interview).

(10) (b)(7)c, (b)(6)
(Telephone interview).

(11) (b)(6), (b)(7)c
(b)(6), (b)(7)c

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- (12) (b)(6), (b)(7)c
(b)(6), (b)(7)c Office.
- (13) (b)(6), (b)(7)c
(b)(7)c, (b)(6) Office.
- (14) (b)(6), (b)(7)c
(b)(6), (b)(7)c .
- (15) (b)(6), (b)(7)c
(b)(6), (b)(7)c (Telephone interview).
- (16) (b)(6), (b)(7)c
(telephone interview).
- (17) (b)(6), (b)(7)c
(b)(6), (b)(7)c
- (18) (b)(6), (b)(7)c
(Telephone interview).
- (19) (b)(6), (b)(7)c
(b)(6), (b)(7)c (Telephone interview).

b. Documents Reviewed.

- (1) USC 2601 and Standards of Ethical Conduct, 5 CFR 2635.
- (2) DoD 5500.07-R, Joint Ethics Regulation.
- (3) SECNAVINST 4001.2J and NPS Instruction 4001.1E.
- (4) A to Z Rental Contracts.
- (5) NPS Foundation Accounting Spreadsheets.
- (6) Contract N00244-08-D-0039 Task Orders 028, 107, 110 and 142.
- (7) Contract monitor appointment memorandum for (b)(6), (b)(7)c
- (8) Wide Area Work Flow (WAWF) documentation.
- (9) NPS MWR invoice contracts for Centennial Wine and Beer Tasting "Sip the Peninsula" Event and Centennial Gala.
- (10) NPS Foundation Centennial Coffee Table Book.

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(11) May 2010 Calendar Listing from Monterey Bay Officers Students' Spouses' Club (OSSC).

(12) Centennial Gala Invitations.

(13) NAVCOMPT Form 2276.

(14) Unsigned Memorandum of Understanding (MOU) between NPS OSSC and NPS Foundation (NPSF).

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